

Economics Test #1
Leavins

Name:

Date:

1. All human beings suffer from what?
 - a. A lack of money
 - b. Unsatisfied Wants
 - c. The Confiscation of Wealth through taxation
 - d. The inability to satisfy any wants
 - e. Both A and D
2. Whether physical, mental, emotional, or whatever, human beings continually experience varieties of what?
 - a. Blessings---you just have to maintain a positive attitude
 - b. Enthusiasms
 - c. Deaths by a thousand cuts
 - d. Dissatisfactions
 - e. Illusions
3. The desire to get rid of some sort of discontent could be called a what?
 - a. A Want
 - b. An Attitude
 - c. A Complaint
 - d. A Negativity
 - e. Whining
4. In the fundamental economic problem, resources are less than what?
 - a. Money
 - b. Dreams
 - c. Ambitions
 - d. Wants
 - e. Reality
5. What is a resource?
 - a. Something that can be obtained with money
 - b. Something of more than negligible monetary value
 - c. Something used to attempt to satisfy a want
 - d. Something in the way she moves

6. What is a tangible resource?
 - a. Something that has a physical existence
 - b. Something that has existence in concept
 - c. Something that exists only in the mind of the true believer
 - d. Something that is a work of fiction
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8. What is a mathematical expression of the fundamental economic problem?
 - a. Positive Thinking > Our Problems
 - b. Dreams = Reality, if you truly believe
 - c. A Bad Attitude = Stinking Thinking
 - d. Resources < Wants
 - e. Wants > Resources
 - f. Both D and E
9. Another term that captures the essence of the fundamental economic problem is what?
 - a. Abundance
 - b. Equilibrium
 - c. Class Struggle
 - d. Scarcity
 - e. Money
10. Human beings, whether as individuals or in groups, do not have enough resources to satisfy all of their wants.
 - a. True
 - b. False

11. What **Rolling Stones** song captures the fundamental economic problem?

- a. *Angie*
- b. *Beast of Burden*
- c. *Shattered*
- d. *19th Nervous Breakdown*
- e. *Start Me Up*
- f. *You Can't Always Get What You Want*
- g. *Sympathy For the Devil*
- h. *Under My Thumb*
- i. *Wild Horses*
- j. *Mother's Little Helper*
- k. *Before They Make Me Run*
- l. *The Girl With Faraway Eyes*
- m. *Mixed Emotions*
- n. *Waiting on a Friend*
- o. *It's Only Rock n' Roll...But I Like it*
- p. *Paint it Black*
- q. *Hang Fire*
- r. *Street Fighting Man*

12. What is economics?

- a. The art of making money, investing it wisely, and spending it with prudence
- b. The activities involving production, consumption, and exchange
- c. The ability to solve problems using human abilities, talents, and cooperation
- d. The problem of abundance

13. Why is it true that "there is no such thing as a free lunch?"

- a. Because all human activities involve the cost of not doing some other activity
- b. Actually there is such a thing as a free lunch as long as the "lunch" has been obtained straight from nature, and has not been altered by human labor
- c. Because somebody has to pick up the tab
- d. Because restaurants don't give away free food

14. All human activities involve costs.

- a. True
- b. False

15. Which of the following is NOT one of the “three basic questions” of economics?
- a. What to produce?
 - b. What’s the cost?
 - c. How to produce?
 - d. For whom to produce?
16. Which of the following is NOT one of the four factors of production?
- a. Land
 - b. Labor
 - c. Finance
 - d. Capital
 - e. Leadership
 - f. Money
 - g. Both C and F
17. For an economist, the human effort involved in the production of a good and/or service is what?
- a. Land
 - b. Labor
 - c. Capital
 - d. Finance
18. For an economist, any item that can be used in the production of a good and/or service is what?
- a. Land
 - b. Labor
 - c. Capital
 - d. Leadership
19. For an economist, any natural resource that is a product of nature is what?
- a. Land
 - b. Labor
 - c. Finance
 - d. Capital
 - e. Leadership
 - f. Money
 - g. Both C and F

20. For an economist, an entrepreneur or any other person who serves as a catalyst for starting up the production of a good and/or service?
- a. Land
 - b. Labor
 - c. Finance
 - d. Capital
 - e. Leadership
 - f. Money
 - g. Both C and F
21. Things, whether tangible or intangible, that have utility, are relatively scarce, can be transferred to someone else, are known as what?
- a. Monetary assets
 - b. Securities
 - c. Financial Instruments
 - d. Economic products
 - e. Balance Sheet Entries
22. When a thing has utility, scarcity, and transferability, what can that thing possess?
- a. A price
 - b. A cost
 - c. A raison d'être
 - d. A market
 - e. Both C and D
23. A car, pizza, plot of land, or a Daisy Red Rider B-B Gun with a Compass in the Stock would be examples of what?
- a. Goods
 - b. Services
 - c. Costs
 - d. Liabilities
 - e. Monetary Instruments
24. Something that is intended to be used by a consumer as its final use is what?
- a. A Capital Good
 - b. A Land Good
 - c. A Consumer Good
 - d. A Luxury
 - e. A Want
 - f. A Marketplace

25. Something that is used to produce another good or service is a what?
- a. Capital Good
 - b. Land Good
 - c. Consumer Good
 - d. Luxury
 - e. Want
 - f. Marketplace
26. Refrigerator, cars, drill presses or dining room tables are examples of what?
- a. Luxuries
 - b. Services
 - c. Intangible goods
 - d. Durable goods
 - e. Non-durable goods
27. Shampoo lettuce, tennis shoes, and milk are examples of what?
- a. Luxuries
 - b. Services
 - c. Intangible goods
 - d. Durable goods
 - e. Non-durable goods
28. Labor that is performed by someone for someone else is called a what?
- a. Payments in kind
 - b. Charity
 - c. Service
 - d. Luxury
 - e. Slavery
29. All services are intangible.
- a. True
 - b. False
30. What is value?
- a. The morality associated with a good or service
 - b. The worth of a good or service in terms of price
 - c. The amount of labor put into the production of a good or service
 - d. A bargain

31. The fact that water is essential for human life, yet fetches a much lower price than a bag of large diamonds (a good that is not essential for human survival), is a demonstration of what?
- a. The sad moral state of humanity in that something as precious as water is valued less than a bag of stones that are not needed for human survival
 - b. The Paradox of Value
 - c. The Vanity of Luxury
 - d. That there is no such thing as a true price
32. In New York City, one reason that diamonds fetch a much higher price than good drinking water is that, compared to the amount of water what the average person needs, diamonds are much more what?
- a. Scarce
 - b. Useful
 - c. Inherently necessary
 - d. Ubiquitous
33. What is utility?
- a. The value of a product
 - b. The cost of a product
 - c. The price of a product
 - d. The usefulness of a product
 - e. All of the above
34. If a product has both high scarcity and high utility, then the product is likely to fetch what?
- a. A low demand
 - b. A high price
 - c. Ubiquity
 - d. A high supply
35. Why does Cam Newton get paid millions of dollars a year to play quarterback in the NFL, and school teachers get paid far, far less, even though some would say that teachers are more essential to a society than NFL quarterbacks?
- a. Because the NFL is ripping off the public
 - b. Because good athletes deserve to be paid more because they are so talented, and talented people deserve high incomes
 - c. Because good NFL quarterbacks are more scarce than teachers, and NFL quarterbacks have a corresponding high utility
 - d. Because America has messed up priorities about sports

36. What is wealth?

- a. The relative ability to satisfy wants
- b. The difference between a person's assets minus his/her liabilities, a net worth so to speak
- c. The stock of money possessed by an individual or community
- d. The satisfaction of a job well done